



# PSC NEWS

## Missouri Public Service Commission

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### **PSC APPROVES AGREEMENT WHICH GRANTS INTERIM RATE RELIEF TO CITIZENS ELECTRIC CORPORATION**

Jefferson City (December 20, 2001)---The Missouri Public Service Commission has approved an agreement which authorizes an interim rate increase of approximately \$4.6 million to Citizens Electric Corporation (Citizens). The interim rate increase reflects the increased costs of a new purchased power contract which takes effect on January 1, 2002. In this case, Citizens established that it needs additional funds by January 1, 2002, to avoid financial harm and potential detriment to its consumers. Citizens stated that it would suffer the loss of approximately \$13,000 a day under the new contracted price for power if interim rate relief were not granted.

Citizens does not generate any power. It purchases all of its power under contracts in the wholesale energy market. Citizens recently completed negotiations for a new purchased power agreement which will increase the costs of its wholesale power by 15 percent beginning January 1, 2002. **Citizens has not requested a general rate increase since 1982.**

**Interim rates, which are subject to refund, will remain in effect until the Commission determines the Company's permanent rate request of approximately \$6.5 million.**

For a residential customer using 1,000 kilowatt-hours a month, this interim rate increase will increase monthly electric bills by approximately \$7.51 a month (10.2%).

The Commission stated in its order: "Without the interim increase in rates, Citizens (Citizens Electric Corporation) would be placed in the position of losing substantial income each day after January 1, 2002. This potential loss in income would cause Citizens difficulty borrowing money to maintain other operations and proceed with its construction contracts, negatively impacting Citizens' ability to provide safe, adequate and reliable service to its members. In addition, because of its unique business plan, the increased interest on borrowed money will ultimately be paid by the consumers themselves, by virtue of their positions as stockholders. Citizens also indicated that financial problems could result in the elimination of services to the members."

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The agreement approved by the Commission was submitted by the Office of the Public Counsel, the PSC Staff and Citizens Electric Corporation. The agreement was reached as a result of extensive negotiations conducted by the above parties.

Under the agreement, parties have determined that a refund process, if it is necessary, will begin no later than the April 2003 billing month. Parties to this case agreed to this particular time frame because the consumers, who are also the members, typically receive their annual capital credits in April. The Commission's order noted that: "By timing the refunds in this manner, Citizens (Citizens Electric Corporation) will have sufficient time to calculate and process any refunds in a timely manner."

Citizens Electric Corporation serves approximately 24,330 electric customers in the Missouri counties of Ste. Genevieve, St. Francois, Cape Girardeau and Perry.

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Case No. ER-2002-217